

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 EB-08 LAB-04 SIL-01 AGRE-00 /072 W

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FM USLO PEKING

TO SECSTATE WASHDC 9618

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0098

E.O. 11652: GDS

TAGS: ECON, EARL, EAGR, ELAB, CH

SUBJ: PLANNING, WAGES AND INCENTIVES IN TSINAN, SHANTUNG PROVINCE

1. SUMMARY. USLO OFFICER VISITED THREE FACTORIES AND ONE COMMUNE IN TSINAN, SHANTUNG, FROM JANUARY 6-8. NONE OF THE FACTORIES HAD YET INSTITUTED A FINALIZED 1978 PRODUCTION PLAN. ONE FACTORY HAD ALREADY PAID OUT RETROACTIVE WAGE INCREASES. THE OTHER FACTORIES WERE IN ADVANCED STAGES OF NAMING BENEFICIARIES OR WAITING FOR APPROVAL OF A ROSTER BY HIGHER AUTHORITIES. THE INCREASES ARE GOING TO 60 PERCENT OF TOTAL WORKERS AND STAFF, WITH BENEFICIARIES RECEIVING 5 OR 7 YUAN A MONTH. COTTON RATION CARDS ARE NOW BEING AWARDED AS REMUNERATION FOR PIG PRODUCTION AT ONE COMMUNE. END SUMMARY.

2. USLO OFFICER VISITED THE TSINAN TRACTOR FACTORY, THE TSINAN DIESEL ENGINE FACTORY AND THE TSINAN PENCIL FACTORY ON JANUARY 6-8. AT THE TRACTOR FACTORY IT WAS STATED THAT THE 1978 PRODUCTION PLAN IS NOT YET DECIDED. A DRAFT PLAN HAS BEEN PREPARED AND THE FACTORY IS PRODUCING ACCORDING TO THIS PLAN. THE DRAFT HAS BEEN SUBMITTED TO HIGHER AUTHORITIES FOR APPROVAL, BUT A DECISION IS NOT EXPECTED UNTIL
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AFTER THE THIRD NATIONAL CONFERENCE ON AGRICULTURAL MECHANIZATION (NOW IN PROGRESS). THE TSINAN DIESEL ENGINE FACTORY WHICH EXCLUSIVELY PRODUCES A 1200 HP ENGINE USED ON DRILLING RIGS, IS UNDER DIRECT ADMINISTRATION OF SHENGLI OILFIELD AND THE MINISTRY OF PETROLEUM INDUSTRY. DECISIONS ON A 1978 PLAN FOR THIS FACTORY AWAIT THE CONVENING OF A MINISTRY

OF PETROLEUM INDUSTRY PLANNING CONFERENCE (SET FOR MARCH OR APRIL) AT WHICH THE MINISTRY WILL SET SUGGESTED TARGETS. THE FACTORY WILL CONSIDER THE TARGETS AND MAKE SUGGESTIONS FOR INVESTMENT THAT WILL BE SENT BACK UP FOR MINISTRY APPROVAL. THIS WHOLEPROCESS IS TO TAKE ABOUT ONE MONTH. THE TSINAN PENCIL FACTORY HAS COMPLETED A DRAFT PLAN WHICH IS EXPECTED TO BE APPROVED AT THE SHANTUNG PROVINCIAL PLANNING CONFERENCE SET FOR LATE THIS MONTH OR EARLY FEBRUARY.

3. THE TRACTOR FACTORY HAS ALREADY DISTRIBUTED WAGE INCREASES OF 5 OR 7 YUAN A MONTH TO 60 PERCENT OF ITS COMBINED WORKERS AND STAFF. THE PAYMENT WAS MADE RETROACTIVE TO OCT 1, 1977. FINAL DECISIONS ON THE WAGE INCREASE HAVE NOT YET BEEN MADE AT THE DIESEL ENGINE FACTORY, BUT BENEFICIARY SELECTION IS WELL ADVANCED. WORKERS WHO JOINED THE FACTORY BEFORE 1967 AND ARE CURRENTLY IN GRADE TWO WILL ALMOST ALL RECEIVE INCREASES. OTHERWISE BENEFICIARIES ARE BEING SELECTED ACCORDING TO "CONTRIBUTION TO PRODUCTION, ATTITUDE TOWARD WORK," ETC. LISTS OF THOSE NAMED FOR INCREASES WERE POSTED IN MOST WORKSHOPS. ONCE AGAIN, 60 PERCENT WILL RECEIVE INCREASES OF EITHER 5 OR 7 YUAN A MONTH ACCORDING TO GUIDELINES SET BY CENTRAL AUTHORITIES. AT THE PENCIL
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FACTORY BENEFICIARY SELECTION HAS BEEN COMPLETED AND THE INCREASES WILL BE PAID AFTER APPROVAL OF THE LIST BY THE TSINAN REVOLUTIONARY COMMITTEE AND THE MUNICIPAL LIGHT INDUSTRY BUREAU. AGAIN, 60 PERCENT WILL RECEIVE INCREASES OF EITHER 5 OR 7 YUAN/MONTH.

4. USLO OFFICER LEARNED AT THE "EAST IS RED" PROCUCTION BRIGADE OF THE "WESTERN SUBURBS COMMUNE OUTSIDE TSINAN THAT THE STATE, IN ADDITION TO OFFERING CASH AND FODDER INCENTIVES FOR SALES OF PIGS TO THE STATE, WILL BE GIVING THE SELLER COTTON CLOTH RATION CARDS FOR 4 FEET OF CLOTH FOR EACH PIG SOLD. (COMMENT: THIS IS THE FIRST WE HAVE HEARD OF THIS TYPE OF REMUNERATION.)

5. DETAILS OF VISITS TO BE REPORTED BY AIRGRAM.
DEAN

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